



Meeting Date: May 23, 2018

Staff Contact: Stan Allred, Chief Financial Officer

TITLE: R-18-13 – Appropriating Funds for the Capital Implementation of the Albuquerque Bernalillo County Water Utility Authority for the Fiscal Year Beginning July 1, 2018 and Ending June 30, 2019

ACTION: Recommend Approval

SUMMARY:

This legislation appropriates funding for the FY19 Capital Implementation Program (CIP). This appropriation provides funding for new projects as well as supplements current appropriations for projects that are ongoing.

FISCAL IMPACT:

The FY19 capital program appropriation totals \$84.3 million. \$55 million is appropriated for the level one priority basic capital programs, an additional \$15 million appropriated for the covers for the clarifiers, \$618K for vehicles and heavy equipment, \$5 million for growth related projects, and \$8.3 million is appropriated for special projects.

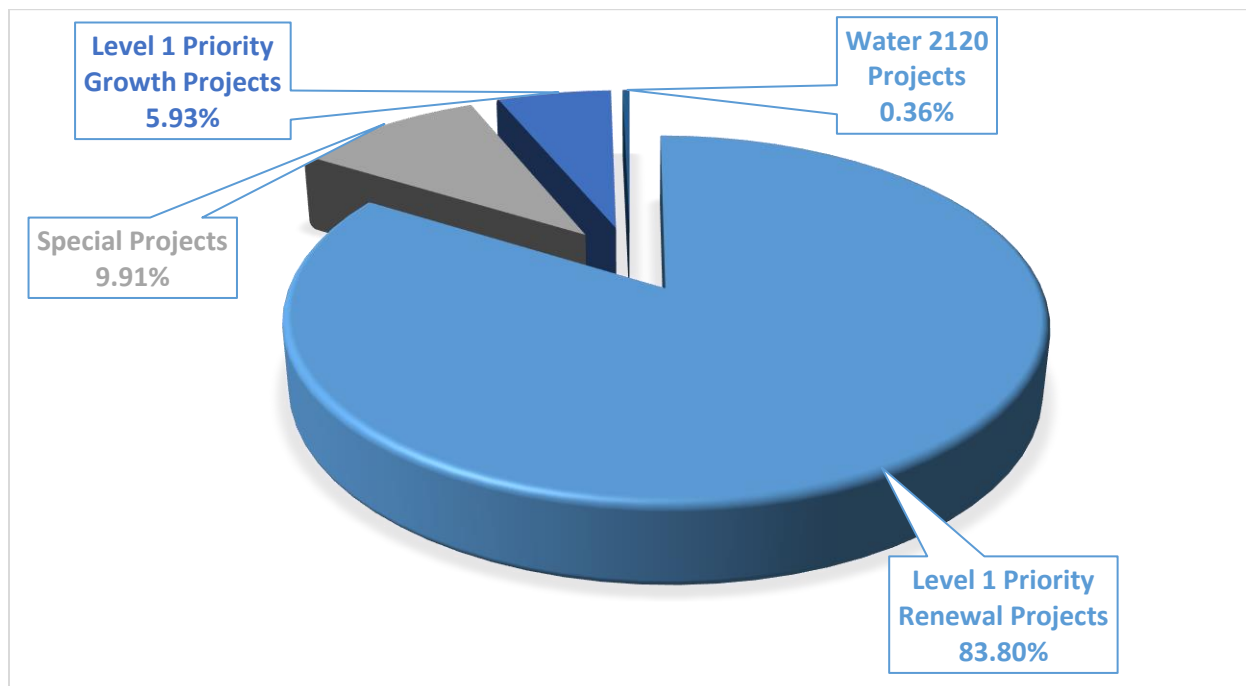
The \$8.3 million for special projects is comprised of \$2 million for the Automated Meter Infrastructure (AMI), \$1 million for steel water line replacement, \$0.4 million for various renewable energy projects, and \$5 million for the consolidated customer services and field operations facility.

The current Rate Ordinance requires no less than \$30 million for Basic rehabilitation program. Additionally, \$2 million is budgeted annually for the Automated Meter Infrastructure (AMI) program. There are no appropriations in the proposed FY19 CIP budget for projects that will be funded with revenues from FY20 or later.

The recent rate revenue increases alleviate future borrowing and increases the level of funding for infrastructure rehab projects.

The growth program is funded by Utility Expansion Charge (UEC) revenue which is tied to economic growth in the Water Authority's service area. The non-discretionary portion of the growth program includes funding for the low-income connection program managed by Bernalillo County and development repayment agreements as connections are made to the System.

Demonstrated in the graph below is the overall percentage of each CIP category:



COMMENTS:

The blueprint for the Basic capital program is the Decade Plan, a ten-year plan required to be updated biennially with two, four, six, eight and ten-year planning elements. There must always be an approved two-year planning element in place before the Board can approve a current year capital program appropriation. FY18 was the first year in the current FY 2018 – FY 2027 Decade Plan. Listed below are the detailed projects for year two:

Basic Program Appropriations:	FY19 Budget
Sanitary Sewer Pipeline Renewal	\$7,995,000
Drinking Water Pipeline Renewal	7,550,000
Southside Water Reclamation Plant Renewal	34,370,000
Soil Amendment Facility (SAF) Renewal	100,000
Lift Station and Vacuum Station Renewal	3,150,000
Odor Control Facilities Renewal	750,000
Drinking Water Plant Groundwater System Renewal	4,695,000
Drinking Water Plant Treatment System Renewal	4,910,000
Reuse Line and Plant Rehab	70,000
Compliance	195,000
Shared Renewal	15,000
Franchise Agreement Compliance	2,000,000

Vehicles and Heavy Equipment	4,818,000
Level 1 Priority Renewal Projects Total	\$70,618,000
	FY19 Budget
Special Projects:	
Steel Waterline Rehab	\$1,000,000
Automated Meter Infrastructure (AMI)	2,000,000
Renewable Energy Projects	350,000
Miscellaneous	5,000,000
Special Projects Total	\$8,350,000
Combined Level 1 Priority Renewal and Special Projects	\$78,968,000
Growth Projects:	
Development Agreements	1,250,000
MIS/GIS	3,500,000
Miscellaneous	250,000
Growth Total	5,000,000
Water 2120 Projects	300,000
Level 1 Priority Growth/Other Projects Total	\$5,300,000
Grand Total	\$84,268,000

FY19 Capital Program Highlights

There are over 1,835 miles of eight inch and ten inch sanitary sewer collection lines through the Water Authority's service area. Lines that were constructed using concrete material or other obsolete material have a life expectancy of 50 years or less. These types of lines must now be lined or replaced with suitable material to avoid collapses in the collection line and possibly the roadways that they occupy. Lining or replacement options will increase the life of the pipe up to 100 years if not longer. When the deterioration has compromised the integrity of the wall strength, the replacement option is the only option left for rehabilitation of the line. Funding for planning, designing, construction, and related activity will be used for the rehabilitation and replacement of deteriorating sewer collections lines.

There are over 2,000 miles of small diameter (four inch to ten inch) water lines that serve as the distribution network for the Water Authority's water system. These lines are used to provide domestic metered water service, fire protection, and irrigation uses for our customers. Currently there are over 500-miles of pipe that is deficient either in wall integrity or size that poses potential threats to the Water Authority. As the older steel or cast-iron lines become deficient, Water Authority staff will often respond to numerous leaks. These leaks if gone unnoticed do have the potential, under certain circumstances, will become sinkholes which destroy entire roadways and create an incredible liability.

Replacing whole segments aged pipe will reduce ongoing operation and maintenance costs. If aging pipeline is not replaced, the impact of emergency response will increase

for these repairs and multiple leaks will occur in the same segment of pipe. This program will provide funding for evaluation, planning, design, construction, and related activity necessary for the rehabilitation or replacement of water lines that have deteriorated and are past the useful life.

The primary clarifiers are used to remove suspended solids ahead of the aeration basins. Maintaining these units in good working order is important for the downstream processes to work properly and for the plant to meet its NPDES permit requirements. The primary clarifiers handle sewage resulting in deterioration of structural, mechanical, and electrical components. Also, the currently open basins are a source of hydrogen sulfide and other odors. Funding will be used to rehabilitate and make improvements to the existing primary clarifiers. In addition, covers will be added to assist in combating offensive odors.

The Information Technology/GIS funding allocations will be utilized to complete the Asset Management system upgrade, which includes Phase II tasks associated with the project and enhancing utilization of mobility to support our Asset Management initiatives. The Phase II Asset Management activities include barcoding of fixed assets, implementation of the Maximo Fleet module, asset on-boarding and decommissioning, and enhancing procurement functions within Maximo to further support the Asset Management goals and objectives related to Asset Management life-cycle accounting practices. The Customer Care & Billing (CC&B) software upgrade has begun with a combined technical and functional upgrade that will be completed during FY19.

Other projects include transitioning infrastructure and server environment to a hardware/software centric environment, resulting in cost savings, performance enhancement, and promotes “green” initiatives to downsize the footprint of traditional IT related equipment. Efforts will continue to add redundancy to the Network, Telephony and Security systems which includes additional network connections, and an upgrade to Call Manager v11. ITD will work to evaluate and assess our current SCADA environment, and create a master plan to upgrade, replace, and/or consolidate current WUA SCADA Systems that support the Authorities Asset Management plan. SunGard will also be upgraded during FY19, and in addition to this, a new Applicant Online feature will be developed to better suit the needs of WUA staff, and those prospective individuals that will be applying for employment with the WUA.

ITD’s initiatives also include the creation of an Information Security Plan that’s primarily based on the federal NIST standard for cyber-security. This initiative includes drafting and completing the Information Security Plan and any supporting IT policies, a thorough penetration analysis of our systems and network including all SCADA systems, and will also include all major applications that host sensitive data.

Funding will be used to plan, design, and construct a new consolidated customer services and field operations facility to replace the leased space at the City of Albuquerque “Pino Yard” facility, West Side leased space and downtown customer services. This facility will be located at the San Juan-Chama Drinking Water Treatment Plant at 6000 Alexander Blvd, NE.

The remainder of the Basic rehabilitation program is primarily focused on line contingency work and normal repair and maintenance work in the groundwater plant system with minimal planned projects.

ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY

BILL NO. R-18-13

1 **RESOLUTION**

2 **APPROPRIATING FUNDS FOR THE CAPITAL IMPLEMENTATION PROGRAM FOR**
3 **THE ALBUQUERQUE BERNALILLO COUNTY WATER UTILITY AUTHORITY FOR**
4 **THE FISCAL YEAR BEGINNING JULY 1, 2018 AND ENDING JUNE 30, 2019**

5 WHEREAS, the Albuquerque Bernalillo County Water Utility Authority (Water
6 Authority) as a political subdivision of the State of New Mexico is required to budget and
7 account for all money received or spent in accordance with New Mexico laws; and

8 WHEREAS, the Board, by Ordinance, has established a budget process for the
9 Authority; and

10 WHEREAS, the Budget Ordinance, requires the Executive Director to formulate
11 an annual Capital Implementation Program budget for the Water Authority; and

12 WHEREAS, the Budget Ordinance requires the Water Authority Board to approve
13 or amend and approve the Executive Director's proposed budget; and

14 WHEREAS, the Board has received the Capital Implementation Program Budget
15 formulated by the Executive Director and has deliberated on it and provided public notice
16 and input; and

17 WHEREAS, appropriations for the Capital Implementation Program of the Water
18 Authority must be approved by the Board; and

19 WHEREAS, the appropriation of these Capital Implementation Program funds to
20 projects with their respective purposes are timely and necessary for Water Authority to
21 serve its customers.

22 BE IT RESOLVED BY THE WATER AUTHORITY:

23 That the appropriations for the projects as stated below are hereby made.

24 Basic Program Appropriations:

25	Sanitary Sewer Pipeline Renewal	7,995,000
26	Drinking Water Pipeline Renewal	7,550,000
27	Southside Water Reclamation Plant Renewal	34,370,000
28	Soil Amendment Facility (SAF) Renewal	100,000

[+Bracketed Material+] - New
[-Bracketed Material-] - Deletion

[+Bracketed Material+] - New
[-Bracketed Material-] - Deletion

1	Lift Station and Vacuum Station Renewal	3,150,000
2	Odor Control Facilities Renewal	750,000
3	Drinking Water Plant Groundwater System Renewal	4,695,000
4	Drinking Water Plant Treatment Systems Renewal	4,910,000
5	Reuse Line and Plant Rehab	70,000
6	Compliance	195,000
7	Shared Renewal	15,000
8	Franchise Agreement Compliance	
9	2,000,000	
10	Vehicles and Heavy Equipment	4,818,000
11	<u>Special Projects:</u>	
12	Steel Waterline Rehab	1,000,000
13	Automated Meter Infrastructure (AMI)	2,000,000
14	Renewable Energy Projects	350,000
15	Miscellaneous	5,000,000
16	<u>Growth:</u>	
17	Development Agreements	1,250,000
18	MIS/GIS	3,500,000
19	Miscellaneous	250,000
20	<u>Other:</u>	
21	Water 2120 Project Fund	300,000
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